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MEXICO TODAY

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As Seen By Our Representative
On A Hurried Trip Completed
October 30, 1920

William H. Moseley

**THE AMERICAN EXCHANGE
NATIONAL BANK**

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A map of Mexico showing the proposed rail route. The route is marked with a solid line and circles at key stations. The route starts in the United States at El Paso and Ciudad Juárez, crosses the border into Chihuahua at Eagle Pass, and continues through Del Rio, El Paso, Chihuahua, and Nuevo Laredo. It then branches into two main paths: one heading north through Monterrey, Saltillo, and Torreon to Durango, and another heading south through Aguascalientes, Leon, and Guanajuato to Mexico City. From Mexico City, the route continues to Vera Cruz, El Carmen, Campeche, and Merida. The map also shows the Gulf of Mexico to the east and the Pacific Ocean to the west. Various states and cities are labeled, including Sonora, Lower California, Guaymas, Mazatlan, Tlaxcala, Puebla, Oaxaca, Yucatan, and Quintana Roo. The route is shown as a series of connected circles and lines, indicating the proposed rail line.

APR 16 1927

REPORT OF TRIP THROUGH MEXICO
WITH MEMBERS OF CHAMBER
OF COMMERCE OF HOUSTON,
TEXAS—OCTOBER 7-30, 1920.

By W. H. MOSELEY, JR.

*The American Exchange National Bank,
New York City.*

GENTLEMEN:

Under the supervision of Mr. D. D. Peden, President, The Houston Chamber of Commerce, and Mr. T. L. Evans, Manager of its Foreign Trade Department, an organized Trade Excursion through the principal cities of Mexico was accomplished. The purpose was to get a "first hand" idea of general conditions and to further in every possible way the re-establishment of commercial relations which have been practically suspended during the ten-year period of revolution. It was further desired to show the Mexican people that the feeling of the American Nation was one of friendship and kindly interest and that we were glad to see their country return to peace and prosperity and anxious to witness the resumption of International commerce.

The trip was capably managed and the entire program carried out as originally planned. Through the courtesy of the Mexican Government our special train was met at the International border at Nuevo Laredo by Mr. Santa Marino, Assistant Passenger Agent of the Nacionales de Mexico (Mexican National Railways), who took charge and made the trip with us. The Mexican Government hauled our train free of charge while in the Republic. I have never seen a train run on better schedule time.

The Mexican Consul at Galveston, Mr. E. Meade Fierros, was also commissioned by his Government to make the trip with us and rendered very valuable assistance.

I shall endeavor to cover the conditions and things of interest regarding different

places in which we stopped in the order of our arrival and at the end of this report will make a resumé of political, financial, industrial and general conditions in Mexico today.

LAREDO, TEXAS

We left Houston on the evening of October 7th and arrived at Laredo on the American side the next morning. We were met by the Laredo Chamber of Commerce and given a very interesting ride over the city. I called on the local bankers, who expressed the opinion that the Mexican political troubles were over and predicted an unprecedented era of prosperity for Mexico. They were very optimistic over the outlook for Laredo, as this city will undoubtedly be the gateway for a large share of export and import commercial dealings with Mexico. I had a particularly interesting talk with Mr. Miles T. Cogley, President of the Milmo National Bank of Laredo and also President of the Texas-Mexican Railway. He told me that one of the main things needed in Mexico now was for American railroad lines to allow their freight cars to go over into Mexico without requiring the Mexican merchants to give a heavy bond against the cars' safe return. He thinks this will be done soon, as the Pullman Company has investigated conditions and began sending its cars across to all the principal points in Mexico on the 15th of October, so that now one can travel in comparative comfort there. Another pressing need mentioned by Mr. Cogley was the building of a railway line from Houston direct to Laredo. This is being actively discussed by commercial organizations all along the proposed route.

MONTEREY, MEXICO

We crossed the Mexican border about one o'clock en route for Monterey, our first stop in Mexico, arriving there about seventhirty, and were met by a large delegation of Mexican business men and representatives of the Chamber of Commerce. We

were taken to the Foreign Club, where a smoker was given and a number of speeches made. All were very much impressed by the sincere expressions of good will for the United States and the expressed desire to do business with our merchants and manufacturers. We began there to revise our opinion that the Mexican people fostered a dislike for Americans. This idea was largely due to incorrect and exaggerated items which have been published from time to time in the Press of both countries.

The following day we were taken for a visit to the principal industries and places of interest. It was the party's first trip through a typically Mexican city and we were agreeably surprised to find on every hand evidences of work and industry. There were practically no signs of revolution or warfare. The street cars were running, factories, foundries and mines in full operation and their stores all open and apparently doing a brisk business. We visited what is probably the largest single plant here, the Compania Fundidora de Fierro y Acero de Monterey, S. A. It has a capital of ten million dollars and carries an account with a prominent New York bank. In this plant they are very busy making a number of products, including bolts, nuts, pipe, steel railroad rails, car wheels, special castings for school desks, etc., and also rebuilding railroad locomotives, many of which were practically wrecked during the revolution. This plant was formerly operated by American labor, but now it is run almost entirely by Mexican labor. The skill displayed by some of these men at the furnaces and in the rolling mill is of the highest standard. The company employs over 2,000 people in this plant and the wages run from 2½ pesos (\$1.25) for common labor to 10 to 12 pesos (\$5 to \$6) for skilled labor per day. In the nut and bolt department we found boys and girls of 13 to 18 years of age operating some of the machines. There is a crying demand in Mexico for all of the company's products. It works three eight-hour shifts, using fuel oil

from Tampico and coal from Coahuila. Its plant covers a very large area.

There is also a silver and gold smelter close by, which was organized by Mexicans originally, but which I was told has recently been purchased by American interests. Here there is also one of the largest breweries in Mexico, where the famous "Carta Blanca" beer is made. This is one of the leading industries of Mexico and this particular brewery is reported to be making immense profits. We also visited a glass factory, where their main product is bottles and drinking glasses. There is also a rope factory here.

A Canadian concern owns the street railway and the water system, which is said to be one of the finest in the Republic. There are several private banks here. The Banco Nacional de Mexico, which was formerly the strongest bank in Mexico, has been closed during the past trouble and the only banks in Mexico now are private banks.

Mr. Adolfo Zambrano, Jr., of the banking firm of A. Zambrano é Hijos was particularly courteous to me and gave me very valuable information about banking conditions in Mexico. His bank is establishing branches in the principal cities of Mexico and their deposits are said to be increasing very rapidly. They have modern banking methods, Burroughs statement system and beautiful fixtures. They open credits in New York for their Mexican customers who are buying goods in the States. These banks are allowed interest on their daily balances by their New York correspondents. Their foreign exchange service involves daily telegraphic communication with New York. They also maintain balances with Texas border banks. For commercial loans to their customers they charge an average of 18 per cent per annum. The reason for this seemingly high rate of interest will be dealt with later. Mr. Zambrano said the crying need of his country was for financial assistance from the banks of the United States. He seemed anxious to have American banks enter the Mexican field and said

they could do so with perfect safety and that the returns would be entirely satisfactory.

Monterey is primarily a mining city; the farming situation is not very promising. The land is very dry and hard and nothing seems to grow except several species of cactus. It is claimed that when irrigated it is very productive, but that step seems quite a long way off. The population of Monterey is approximately 85,000 and it is the capital of the State of Nuevo Leon.

TAMPICO

We left Monterey on the evening of October 10th and arrived in Tampico the morning of the 11th. We had heard wonderful stories of the great Tampico oil fields and having visited most of our Texas and Oklahoma oil fields I thought I knew what to expect, but the operations in that field were so stupendous that I was very much awed at the magnitude of things. As we approached Tampico, for several miles along the Panuco River we saw a solid line of wharves, refineries and oil tankers on both sides of the river, and on the higher ground back from the river was an almost endless row of large storage tanks. We arrived at the station to find it a long, low, dilapidated shack and piled high with all kinds of freight, etc. It all seemed confusion. This same condition is seen at the Customs House and is one of the most serious drawbacks to the merchants and oil companies of Tampico. There is such a large quantity of freight and supplies handled through the port of Tampico that it is simply swamped. They are trying, however, to enlarge their facilities and hope to remedy this situation. Of course, the chief reason for Tampico's commercial status is oil and from a standpoint of commercial importance Tampico now ranks as high, if not higher, than any other Mexican city. The transportation facilities by water into Tampico and the railroads into the interior make it fairly certain that Tampico will always be a prominent commercial cen-

ter, even though the oil fields are exhausted. I am taking the liberty here of inserting an excerpt from a letter written me by a gentleman whom I met in Tampico and who has lived there for about six years, appears to know the conditions well, speaks the language fluently and has apparently made quite a success of his operations. He writes in part as follows:

"This is the first time since the overthrow of Diaz that all the various factions here in Mexico have been united and working in perfect harmony. The Mexicans are sick and tired of fighting and they are demonstrating their honest desire to go to work and assist in establishing a permanent government and restore normal conditions in Mexico. General Alvaro Obregon, president-elect of Mexico, is a broad-minded, progressive man, and everybody seems to be of the opinion that he is THE ONE man to establish a firm government along substantial, progressive, conservative and unselfish lines. Furthermore, General Obregon and all his followers very clearly realize that in order to establish and maintain such a government in Mexico, they must have the moral and financial support of the United States and they are constantly showing a most pronounced desire to create a better feeling between Mexico and the United States and to extend ample protection and guarantees to both life and property of foreigners and encourage the investment of foreign capital in Mexico to assist in the development of the wonderful resources of this country. In other words, the Mexicans are sick and tired of fruitless revolutions and the officials are really honestly and unselfishly laboring to establish a firm and permanent government along broad constructive lines and regain for Mexico the position of honor and respect which she once enjoyed among the nations of the world. All of which means that the future political outlook for Mexico is more encouraging than it has been for ten years.

"Tampico occupies a very peculiarly unique position as compared with other cities of Mexico; in fact, she is absolutely independent of the rest of the Republic. She has, of course, the greatest oil field the world has ever known and the consensus of opinion of the leading oil men is that this field has merely been scratched from a standpoint of development and they estimate the life of this field to continue at least ten years yet. A casual observation of the enormous investments in refineries, terminals, wharfs, tank farms, pipe lines, tank steamers, office buildings and residences by the oil companies on such an elaborate and permanent basis, will immediately convince one of the confidence the oil companies have in the future of this field. Apart from the oil indus-

try, the commercial importance of Tampico is very great. She has one of the finest natural harbors on the American continent; the geographical location of Tampico makes her the most logical point through which all imports and exports to and from all central and northeastern Mexico will pass; Tampico is surrounded on three sides by as fertile agricultural land as can be found on the American continent. All kinds of tropical and semi-tropical fruits and vegetables grow in abundance the year round; sugar cane, coffee, rice, tobacco, vanilla beans, corn and beans yield bounteously in this region; the sisal industry has just begun to be developed on a big scale in this state and is proving to be of better quality and more profitable than is obtained in Yucatan; cattle and live-stock of all kinds thrive exceedingly well here; there is an enormous quantity of hard wood timber along this coast; the fishing industry offers wonderful opportunities; the winter climate is most agreeable, and the great quantity of wild game such as small black bear, tiger, turkey, geese, duck and also fish, offer attractive inducements to men who like this kind of sport.

"With all these resources and with transportation facilities to all parts of the world, and the fact that most all products shipped to and from the Central and Northeastern section of Mexico will have to pass through here, it seems inevitable that Tampico will soon develop into a very important manufacturing, industrial and shipping center, because with a few years of peace in Mexico, these resources must be developed.

"However, eliminating the future possibilities, Tampico, with her 100,000 inhabitants, is at present a rapidly growing, thriving, progressive, busy city with American ideas and principles predominating. And, furthermore, just so long as there is a barrel of oil to be had from this field, it doesn't matter what the conditions might be in other parts of Mexico nor who is president of the United States, the world must have this oil, which means that Tampico will continue to enjoy unmolested prosperity."

There are at present two principal oil fields near Tampico, viz: the Panuco field and the South Coastal field which lies south of Tampico in the State of Vera Cruz. We made a trip through the Coastal field and saw some of those wonderful wells that have been producing enormous quantities of oil for so long a time. They are still bringing in new wells and extending the field. The outlook seems very promising. The wells come in at a depth of around 3,000 feet. Nearly all of the larger oil companies in the State have holdings there.

The British companies are very strong. The Corona Oil Company is controlled by the Royal Dutch-Shell interests and the Mexican Eagle (Compania Mexicana de Petroleo "El Aguila"), which was the Lord Cowdray Company, is also managed and controlled by the Royal Dutch-Shell interests.

Tampico has a population of around 100,000 and there are about 8,000 Americans in and around the city. The payrolls of the oil companies amount to three million dollars per month. From a business standpoint, Tampico reflects possibly more than any other Mexican city the up-to-date ideas and methods brought there by Americans and other foreigners. There is an enormous amount of foreign capital invested here in connection with the oil industry. The residential addition to the city, known as the Aguila Colony, where most foreigners live, has a pretty location and has some really beautiful homes. The cost of the average cottage in this section is around \$15,000 gold. Tampico is growing very rapidly and is very crowded. It is difficult to get hotel and living accommodations and at night certain streets are filled with native families sleeping out in the open. The climate is hot and Tampico has the reputation of being very unhealthful for foreigners, but they are clearing away the underbrush near the city, fighting mosquitoes and already conditions are much improved. Before we arrived in Tampico, both the American and Mexican newspapers printed reports of an epidemic of yellow fever there, but we found this untrue. The authorities told us that there was only one case in the city and that it was recovering. They have some very live business organizations which are working together for the commercial growth of the city. The Mexican Chamber of Commerce, the American Chamber of Commerce and the Foreign Club are all very industrious bodies. There are apparently great opportunities in this city for new enterprises. For example, they need a telephone system. There is only a semblance of a system,

which is owned by Germans. There are only a few telephones in the city and the people get practically no service. Further, they do not have natural gas distribution through the city, when within a few miles one well, belonging to the Texas Company, is discharging as a total loss 55 million cubic feet of gas per day and another, owned by the American Fuel Oil Company of Cleveland, is letting go to waste 29 million cubic feet daily. What are apparently wonderful opportunities for money making stare at one from every side and the people who live there all say that their crying need is for capital to develop their natural resources. The agricultural possibilities around Tampico are very inviting. It is a tropical region and the land is very rich. All kinds of tropical farming is carried on with great success. The local merchants, both native and foreign, say they are greatly handicapped by the lack of banking facilities and they are extremely anxious for our American banks to come in and do business with them. Among the main banks there are the Tampico Banking Company, S. A., The Petroleum Banking & Trust Company, S. A., and a branch of the Banque Francaise du Mexique, which has its head office in Mexico City and was formerly called Lacaud é Hijo (Lacaud & Son). The big oil companies do not carry large balances in Tampico as they maintain their major accounts in the States. The local banks open credits with their New York and border bank correspondents in favor of their local customers. What they say they need is to have large banking institutions that will advance credit for the opening of documentary Letters of Credit in favor of approved Mexican merchants, which credit the local bank would usually guarantee. This would finance the operation of buying goods during the period of shipment to Mexico, which consumes ordinarily from thirty to sixty days, and would solve a great problem for both the Mexican merchant and the local banks. In order to perfect an arrangement of this nature, it would be necessary for the New York bank to have some one on the ground to check the credit of the

concerns it proposed doing business with and also to have a close connection with a local bank in which it had confidence, which bank could look after the payment of documents on arrival of the goods. Of course there are certain well-rated firms in Mexico who prefer having an established line of credit and carrying an open account with a New York bank, exactly as business houses in the States do. For any credit accommodations extended to Mexican commercial houses a very attractive rate of interest could be obtained. The straight loans which are made by the Tampico banks to their customers bear an exceptionally high rate of interest, some loans being reported on a basis of 24 to 36 per cent interest rate. The demand is great for money here and these high interest rates do not indicate that there is an undue element of chance taken, as the best-rated concerns pay these rates.

SAN LUIS POTOSI

Our train left Tampico at noon on the 14th for San Luis Potosi. The country is very pretty between these cities. One first passes through the tropical section and then when the climb up the mountain begins it is beautiful indeed. The mountains in this section are different from the mountains in North Central Mexico, being covered with foliage, and have not the barren surface of those of the interior. The railroad up these mountains is a wonderful bit of engineering as it traverses a very irregular country. We arrived in San Luis Potosi the morning of the 15th. It is a city of 60,000 to 70,000 population and is noted over Mexico for its beauty and cleanliness. It has numerous plazas and cathedrals and its streets are kept spotlessly clean. We were met by the Mexican Chamber of Commerce and given a ride over the city, after which we were entertained at a luncheon at the Chamber of Commerce Building. A number of speeches were made and we were again impressed by the earnestness of the Mexican business men in their desire to establish commercial relations with the United States. I

called on the Zambrano é Hijo Bank and the Banque Francaise du Mexique.

The interests of San Luis Potosi are mainly agricultural, but there are some valuable salt mines nearby. Much of the land around this city is under irrigation and the crops were very fine indeed. There is a very apparent lack of up-to-date farming implements and modern pumps for irrigation, and one sees crude home-made plows on every side and queer mule-power contrivances being used for pumps to raise the water into the irrigation ditches. Mexico certainly needs farming machinery badly and presents a wide field for any of our implement houses who will seek business there. The stores of the city appeared to be well-stocked and doing a good business. We also noticed quite a lot of building and construction going on.

In the evening we were entertained at a banquet by the governor of the State of San Luis Potosi, who repeated the desire expressed by the merchants for closer commercial relations and promised adequate protection to Americans who wished to either live in Mexico or make investments there.

QUERETARO

We left San Luis Potosi the night of the 15th and arrived in Queretaro the morning of the 16th.

Queretaro is very prominent in Mexican history, as it has several times been the location of the Government when, under stress, it had to flee from Mexico City. It was also the scene of Maximilian's capture and execution. The Austrian Government has erected a chapel over the spot where he was executed and once a year sends priests to hold memorial services. Maximilian, without doubt, did more toward bringing civilization and art to Mexico than anyone else and traces of this are to be noted in all parts of the country. Mexico is famed for its palatial government buildings and palaces and Maximilian was largely responsible for these. Queretaro is one of the oldest cities

of Mexico and has many very beautiful cathedrals.

MEXICO CITY

From Queretaro we went to Mexico City, arriving there Saturday evening, October 16th. We were furnished accommodations at the Regis Hotel during our stay of six days. We had Sunday to rest and go sight-seeing. Mexico City is one of the most beautiful and picturesque cities on the American continent. It has numbers of very handsome government buildings, cathedrals, palatial residences, modern office buildings, etc. It has the air of an American city in the streets and in the business section, the streets of which are well laid out, paved and lighted. It is noted for its beautiful boulevards, drives and places of interest, chief among which are the castle and grounds of Chapultepec, Xochimilco and its floating gardens, and Popocatepetl. It has an altitude of over 9,000 feet and the climate is cool and delightful. There are many foreigners there. Before their recent revolutions there were large numbers of Americans there, but most of them left, though they are beginning to return now. I am told that Americans were never really molested in Mexico City and the attitude of the Mexicans now is certainly very friendly.

Monday we were given a luncheon by the Mexican Chamber of Commerce of Mexico City in its building, at which were present a number of El Paso, Texas, business men who were touring Mexico for the same purpose we were. The president of the Chamber of Commerce made a very forceful address in which he stated that the percentage of failures of merchants in Mexico was smaller than in any other country. He especially urged American banks to come into Mexico and assured them they would have every assistance possible and complete protection. He did not see the wisdom of America lending money to Europe and helping them when our next-door neighbor, Mexico, needed help so badly, especially when those same Europeans, he said, used that

money to come over into Mexico and compete with us. He stated that several European countries were already beginning to exploit the Mexican trade fields and urged us to come in before it was too late. He regretted the fact that American merchants and manufacturers did not give more attention to Mexican business and to the shipping and packing of goods for export to Mexico. He also urged our merchants and manufacturers to give reasonable credit terms to Mexicans and said they would receive us with open arms if we would only come in. There are 5,000 Mexican merchants in Mexico City who are members of the Chamber of Commerce, and he says these concerns will meet their credit obligations as readily as any class of business men in the world. They need our help to develop Mexico's wonderful natural resources. He ended by again saying that Americans need have no fear about coming to Mexico and investing their capital, and stated that the Mexico City Chamber of Commerce stood ready to help in every way possible any one who wished to enter this field.

The next day our party was presented to Provisional President de la Huerta. We were first shown through the National Palace, which is a marvel of luxury and elegance. There are numbers of large reception rooms, ante-chambers, cabinet rooms and private offices, all exquisitely appointed with the most expensive and artistic furnishings imaginable. When we had finished our visit through the Palace we then met President Adolfo de la Huerta, who at once impresses one as being very capable and resourceful, and although he has a very quiet bearing and manner of speech you somehow get the impression that he has a very strong will and the nerve to back up his convictions. He is a young looking man, apparently about 43 or 44. There can be no denying that since he has been in office he has worked wonders in his country. Statistics show that the efficiency of the railroads has increased over 30 per cent during his incumbency. For the first time in ten

years there are today no armed factions opposing the Government and everyone seems to realize how much better off they are under the new order of things and seems to want to aid the present Government in every way possible. President de la Huerta is very popular throughout Mexico. He will return to his former position as Governor of Sonora when President-elect Alvaro Obregon takes office next month. President de la Huerta made an address in which he stated that the present Government was absolutely stable. He said numerous strikes had been amicably settled, that factories and industries were re-opening and people returning to productive work, and that during his régime no foreign capital had been molested; further, that wages in Mexico had not advanced since 1912 and consequently the laboring Mexican found it hard to meet the high cost of living, but he felt confident that as soon as the country got on a more productive basis this matter would be remedied. He is very anxious for Americans to enter Mexico. He says there is room for all and guarantees complete protection to Americans and their enterprises. He is giving attention to schools and says he realizes that through education of the lower classes there will be brought about a better understanding of the principles of liberty and justice as we have them in our country and this will absolutely do away with internal revolutions. The President impressed everyone present as being very sincere in his desire to be of service to his country and to establish closer relations with the United States. He also referred to our Government and said that he hoped we would not defer recognition of the Mexican Government long as it would greatly help them in getting their country on its feet to have our help and support.

I called on General Salvador Alvarado, the Minister of Finance of Mexico while I was in the city. Not having arranged previously for an audience with him I was told by friends familiar with the circumstances that it was very unlikely that I would be

able to see the General as he was probably the busiest man in Mexico. When I arrived at the National Palace and was shown the Treasury Department I felt sure that this prediction was true as there were several ante-rooms filled with people waiting for an audience, but immediately upon presenting my card bearing the name of The American Exchange National Bank, New York, I was admitted to General Alvarado's office. Some of the people outside had been waiting several days for an interview with the General. He recalled with great pleasure the courtesies extended him by our bank while he was in New York. He especially asked to be remembered to our president, Mr. Lewis L. Clarke, and our other officers. General Alvarado told me that Mexico's future looked particularly bright now; that everyone seemed to earnestly desire peace. He said that from a financial standpoint each day showed improvement. The railroads are rapidly restoring their service and the revenue therefrom is correspondingly larger. The rolling stock is being rapidly repaired and put into service. He also mentioned the great need of Mexico for outside financial help and said that he would render any assistance within his power to our bank or any other bank that would enter the Mexican field. He said there was room for many new banks in the country. He was exceptionally cordial and courteous to me and offered to assist me in any way he could during my stay in Mexico.

I had a very interesting visit with Mr. Edwin W. Sours, general agent for R. G. Dun & Company in Mexico. Mr. Sours told me that credit conditions were much better in Mexico than Americans thought. He said his organization had very complete credit files on the Mexican houses and that the average Mexican business man was prompt in meeting his obligations. He said that prospects were very encouraging and that there appeared to be an unprecedented era of prosperity before Mexico. While there are branches of two or three European and Canadian banks in Mexico City, and

several private banks, it would appear that here, as in other cities of Mexico, there is a need for greater banking facilities.

During our stay we were shown every consideration and courtesy by both the Federal and municipal authorities and met several of the cabinet ministers and the mayor. We were shown the principal places of interest and given several banquets and receptions. Mexico City presents today the unmistakable signs of renewed commercial activity and the merchants are looking forward to peace and prosperity and making their plans accordingly. Many of them are seeking to handle the lines of American houses in Mexico. One noticeable feature in Mexico City is the very large number of automobiles. Most of them are American cars, with a few European makes.

GUADALAJARA

After our six-day stay in the city we left on October 22nd for Guadalajara and arrived there the morning of the 23rd. Guadalajara is the second largest city in Mexico and is very pretty. It is situated in a fine agricultural section on the Pacific slope and has mining enterprises of considerable importance nearby. The section of the city known as the Foreign Colony contains many beautiful homes of American and European architecture. Before the revolution there were large colonies of Americans, English, French and Germans, but many Americans and English left. There are large numbers of Germans who make their home here. Most of the leading stores are owned by them and they handle German goods almost exclusively and advertise them extensively.

The merchants of Guadalajara seemed to be handicapped by the lack of adequate banking facilities. There are several small private banks here, but they are not large enough to furnish sufficient credit to the commercial houses and really specialize on their foreign exchange trading.

Unskilled labor around Guadalajara is

paid one peso (50c gold) per day and carpenters, masons, blacksmiths, etc., earn two pesos, or \$1.00 gold, per day. Guadalajara would seem to be an ideal place for factory sites, as it has an abundance of cheap electric power generated by the enormous water falls nearby. Only about 5,000 H. P. of this is used at present and it is estimated that 300,000 H. P. is daily going to waste. The Southern Pacific Railroad has its terminal in Guadalajara, and as soon as it completes about 125 miles of track, on which it is now working, will have a direct line from Los Angeles to Guadalajara, which will open a very rich section of country along the Pacific Coast.

There are some very beautiful places of interest around Guadalajara, chief among which is Lake Chapala, which is a very large lake, situated among the mountains. Guadalajara has an altitude of some 5,000 feet and is noted for its even and delightful climate. It is claimed the sun shines 365 days every year. There is a very fine waterworks system. The population is estimated at around 200,000, although there appears to be no accurate census.

LEON AND AGUASCALIENTES

From Guadalajara we started our north-bound trip, leaving there on October 26th. We stopped a few hours at the City of Leon, which has a population of about 30 to 40 thousand. It is a typical Mexican city. We went on to Aguascalientes, arriving there in the afternoon and spent several hours. It is the capital of the State of Aguascalientes, and noted for its hot baths.

TORREON

We left Aguascalientes the night of the 26th and arrived at Torreon on the morning of the 27th. We were met by the local Chamber of Commerce and taken for a ride over the city. The principal industries of this section are mining, cotton and guayule. There are several large mines and smelters located here, and there are also cotton mills. In this section they raise large quantities of

cotton, which is of a very high grade. They produce the famous "Imperial Valley" staple. While we were in Torreon I talked with several cotton men, who told me that cotton was then selling at 24c per pound when the same grade in the States was selling at 19c. They said some Texas cotton was being imported by their mills at that time. We visited the smelters and were then taken to the guayule factory. Guayule is a low grade rubber which is used as a filler and in the manufacture of belting, etc. It comes from a plant which resembles a weed and grows wild and in great quantities all over the surrounding country. This rubber is partially refined in Torreon and then shipped to the States. Most of the large interests are owned by American capital.

They were having a very hot political campaign between the conservatives, who styled themselves the "Black and Red" party, and the socialists or radicals, who called their party the "Reds." It was the opinion that the conservatives would win easily. There have been labor agitators at work in this section, and they have caused quite a bit of industrial strife. The main labor trouble, however, is among the coal miners of the State, and since leaving Mexico I have seen in the papers that the Government has taken over the mines of Coahuila and is operating them, claiming that the coal is essential for the railroads and other important enterprises. The Government states that this is not confiscation and that the mine owners will receive their legitimate profit.

SALTILLO

Leaving Torreon on the night of the 28th we arrived in Saltillo the morning of the 29th. Saltillo is a very progressive city, having as its main industry mines which produce gold, silver, lead, zinc, coal, etc., in great quantities. There are a number of both American and European mining interests here. Saltillo is a very pretty city and is noted for its schools, chief among which

is the State Normal School for Teachers. This school occupies a very handsome building and its methods are very modern. It compares favorably with our schools. They take the small children of the kindergarten age and give them all necessary courses in this one school until they graduate as teachers. They give considerable attention to the physical side of the child's development and are introducing all the American games and sports which our children play. The pupils are exceptionally clean and well dressed. A program was rendered by the school children which would reflect credit on any school. Education is one of the crying needs of Mexico today and such schools as this will do more than any other agency to take the idea of revolution and banditry out of their heads and instil in its place the values of industry and peace. We were tendered a banquet by the local Chamber of Commerce and the president of this organization, Mr. F. E. Salas, who is also the manager of the International Ore and Smelting Company, made a very forceful address, in which he stressed the importance of the American merchant and manufacturer giving more attention to Mexican business and studying conditions. Mr. C. A. Baumbach, also a member of the Chamber of Commerce, made a very ardent appeal to American merchants and manufacturers to give more attention to Mexico, stating that representatives of European houses were already coming in rapidly increasing numbers. He said we should teach our salesmen the customs and language of the country and give to Mexican customers certain credit accommodation. He stated that before the world war the European merchants had given Mexicans long time credits. When the war broke out, however, and they were unable to supply their Mexican trade the Mexican merchant had to turn to the United States for his goods and the opportunity was then presented for us to absolutely establish ourselves and dominate the Mexican trade field in the future. However, instead of taking advantage of the situation we did

not seem to care and when the Mexican was forced to come to us we demanded "Cash with Order" and even then our goods were badly packed and in many cases were of very inferior workmanship. He stated that he was speaking thus frankly because unless we realized the situation at once it would be too late, as the Europeans were already back in Mexico offering to sell goods on credit. He said that the credit situation in Mexico was very good and that the Dun and Bradstreet agencies had very complete and reliable credit information on all the Mexican merchants. He assured Americans that they would be cordially received and given every possible help.

After leaving Saltillo our train headed for the border and we arrived in San Antonio the afternoon of October 30th.

I shall endeavor below to make a short summary of the general conditions in Mexico at present.

POLITICAL

Since Provisional President de la Huerta has been in office things have been very quiet and indications are that they are through with fighting. This belief is held by both natives and foreigners who are close students of conditions. President-elect Obregon will take the oath of office at midnight November 30. He seems to be very popular in all sections. Of course, one hears occasional criticisms of him, but the great majority seem to think he is capable of dealing with the situation. He is apparently very friendly toward America, as evidenced by his many friendly utterances during his recent visit to Texas. The American in Mexico is very anxious to have the Mexican Government recognized by Washington and feels that this will greatly help the situation. The Democratic administration of the United States is apparently very unpopular in Mexico, and, generally speaking, Harding rather than Cox was their

choice for President. Practically all of the South American countries have recognized the present government. It is unofficially stated that there will be some cabinet changes when Obregon takes office, but one guess appears to be as good as another along this line.

Francisco Villa seems to concur in the peace program, as he has become a quiet, peaceful farmer and the general opinion is that he will remain so. During our tour of the country we met the Governors of almost every State we passed through and most of them seemed to be high class men. Elections are being held all over the country and the better class of Mexicans are again stepping into politics. One of the causes of the recent trouble there was the fact that the high offices were taken by the lower class and the military, but now the people say they are tired of this sort of thing.

In the past there has been quite a lot of complaint about the American Consular service. It is claimed the Consuls have not been carefully selected and in many instances men of questionable character have been appointed who are reported to have entered into shady business dealings instead of looking after the interests of their country. There are a number of fine American Consuls in Mexico, but there have been certain men appointed who did not reflect credit on our Nation. In Mexico, as elsewhere, you will find renegade Americans who stir up quite a bit of trouble, but the representative American business men there are making it hot for these trouble makers.

While in certain districts the attitude of the uneducated peon may be more or less unfriendly to the United States, the representative Mexican business men and politicians now realize that our friendship is sincere and they stand ready to receive us in the most cordial manner. The political outlook is unquestionably brighter now than at any time during the past ten years.

Americans can travel in safety and large numbers are now returning to the country.

FINANCIAL

While the Government is having hard sledding at present, Mexico is by no means a bankrupt nation. It has already demonstrated how quickly it can begin to "come back." If it were not naturally one of the richest countries in the world they would have starved to death long ago. Their financial condition is improving daily and they get an enormous revenue from the oil fields and the railroads alone. As stated, Mexico is handicapped by a lack of good, strong banks. The interest rates charged by the present banks range from 12 to 36 per cent per annum. The average rate for the Republic would probably be from 18 to 24 per cent. This sounds unreasonable, but it is explained that owing to the unsettled conditions which existed in Mexico during the period of revolution the local banks feared to keep much of their capital and deposits in the country where it might be stolen or confiscated and therefore kept approximately 60 or 70 per cent of their money in banks in the States. This only left them about 30 per cent to work with and they consequently had to charge a very high rate of interest to make a profitable return. Also the fact that they keep two sets of books, one in American dollars and one in Mexican gold, makes their overhead expense abnormally large. Now, however, as conditions settle down, they are bringing back to Mexico more of their funds.

Mexico is on a gold basis. There is no paper money in circulation. The only money is Mexican gold, silver and copper coins and quite a large amount of American money, both gold and silver, with some U. S. currency. American money is readily accepted in all the larger towns at two for one. Of course at the banks where the large exchange operations are transacted the rate fluctuates slightly.

The banks of Mexico City and Tampico

clear practically all items drawn on every part of Mexico. There are several banks operating in Mexico with branches in the principal cities and with arrangements with some local merchant in the smaller town who acts as an agent for the bank in collecting items.

Banking appears to offer one of the widest fields in Mexico, for provided the country has peace, there should be comparatively more money made in Mexico in the next ten years than in most any other country. There is also a great field for large import and export organizations to help finance some of the trade that is now developing. A concern of this character should realize very satisfactory returns on its investment.

INDUSTRIAL

Mexico appears to have gone back to work. Her factories, mines, smelters, mills, oil industries, railroads, and in fact all lines of industry seem to be working full speed. There is an urgent local demand for all manufactured products and the people engaged in these enterprises appear to be making money.

The railroads are being rapidly restored to their former usefulness. The roadbeds are in exceptionally good condition. The only evidence of destruction is the bridges which were blown up or burned and a large number of burned freight cars. The bridges have been repaired and the freight cars are being rapidly reconstructed. Additional equipment and rolling stock is needed. One feature that makes it hard for the Mexican importers is that all cars owned by American roads are placed under a heavy bond before they are allowed to cross the border. This, of course, ties up a large amount of Mexican money which could otherwise be used for buying additional merchandise. Action is being taken now toward having this feature eliminated. The Government has inaugurated the following plan to get cars reconstructed: any Mexican concern which needs cars can, at its own

expense, have these cars reconstructed and then have that particular car or cars for its own private use for a given period, usually one year. However, it must pay the railroads the usual charge for hauling these cars. The merchants are glad to do this and the majority of cars you see bear the caption: "This car reconstructed by John Doe & Company for its exclusive use until — date." The Mexican Government does not wish to handicap enterprises by excessive tax burdens and assures business that it will receive generous consideration. The Government has recently designated Guaymas, Salina Cruz and Puerto Mexico as "free ports." Merchandise for transport through Mexico en route for other foreign countries is not subject to interference by the Treasury Department or the Customs authorities. Under this decree raw material may be shipped into these ports and manufactured and the finished article exported to other countries without the payment of duty.

AGRICULTURAL

Agriculturally Mexico is still in its infancy. There are millions of acres of undeveloped farming land that needs nothing except the plow and hoe to make it a veritable garden. In addition there are vast sections of land subject to irrigation which, when developed and given water, will be very profitable indeed.

At present there is a situation existing which is held by some to be unjust. The United States Government prohibits the importation of certain Mexican agricultural products, mainly tropical fruits, it being claimed that these products are infected with some destructive moths or worms. The growers in Mexico are very indignant about this as it has worked a great hardship on them and they say that it is purely a political move instigated by the California and Florida fruit growers to prevent competition from Mexico. A number of disinterested Americans with whom I talked stated that the Mexican products prohibited were

in no way defective or harmful. Mexico possesses practically every kind of soil and climate and farming should develop rapidly there since so large a number of soldiers have gone back to peaceful pursuits.

SOCIAL AND RELIGIOUS CONDITIONS

Mexico is a land of two extremes—very rich and very poor. The rich are well educated, cultured and refined. Their children are educated either in the States or in Europe. On the other hand, the peon is the picture of poverty. One wonders how he manages to keep alive. He lives in dirty hovels and begging is a side profession of great numbers. Education is the solution of this problem and already improvement in this respect is noticeable. The writer lived in Mexico some eleven or twelve years ago and since that time they have made progress in point of education, in spite of their internal troubles, and now that they are at peace, their educational program should progress rapidly. When the peon has prepared himself through education to do better work and earn more money the great present barrier between the two classes will be materially reduced.

Mexico is a land of cathedrals. The average Mexican is a very devout Catholic. Some think that the fact that the people have to support so many churches, priests, etc., is one reason they are so poor, as the Mexican will give to his church even if he has to go hungry to do it. Several Protestant churches have been established in Mexico and are said to be increasing their membership. The Y. M. C. A. has entered Mexico and is doing a great work among the young men.

There has been a movement started recently by the American Chamber of Commerce of Mexico City to have American business houses who want to go after Mexican business help some deserving Mexican young man through a college education in some American school with the idea of instilling our methods and ideas in him so he

can be a capable representative of an American concern in Mexico. A number of schools have endorsed the plan and a few business houses have Mexican young men now taking these courses. If carried out generally, this would be a good thing and these Mexicans, upon their return to their country, would do much toward bettering our relations with Mexico.

GENERAL SITUATION

In summing up I would say that the economic situation is very much better than Americans generally think. We have not been given a true picture of conditions by the newspapers. Mexico has been through several years of internal disorder but has emerged remarkably free from the physical destruction one would imagine. The oil question which has caused so much worry bids fair to be settled and there is every indication that foreign capital will soon begin to flow into Mexico to develop the wonderful natural resources of the country.

Mexico needs our manufactured products and our financial assistance. I believe the Mexicans are sincere in their desire to have us come and do business with them. I believe the Mexican merchant desires to, and will, meet his obligations with reasonable promptness, and I believe further that the present and the incoming Government is very friendly to Americans and to American capital.

Mexico presents possibly the most attractive trade field in the world today and the United States is the logical nation to obtain the benefit of this trade. Prompt action is essential if major benefits are to be enjoyed.

Respectfully submitted,

W. H. MOSELEY, Jr.

Nov. 8, 1920.

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